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SUBJECT: LEE STIRS

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶1. (C) Over the past few weeks, President Lee Myung-bak has taken action to try to improve his still lackluster popularity. At the cabinet meeting on October 7, the Lee Administration announced 100 policy priorities the government will seek to address in the coming years. On October 13, Lee held his first "fireside chat" radio broadcast to attempt to bridge the communication divide between the government and the people. In the speech, Lee tried to express sympathy for the economic difficulties that many Korean families are facing, but Embassy contacts across the political spectrum were unimpressed with Lee's performance. Lee is trying to leverage the heavily GNP National Assembly and a strong executive branch to increase his popularity. The conservative majority means that the legislative and executive branch will allow Lee to do what he wants. The Grand National Party (GNP), however, is suffering from a deep factional split, and there is no consensus among the public that they share Lee's priorities. End Summary.

5 Goals, 20 Strategies, and 100 Policy Priorities

¶2. (SBU) In an October 7 cabinet meeting, the Lee Administration announced its policy plan for the next few years. The plan is broken down into five government goals, 20 strategies for achieving those goals, and 100 policy initiatives the government will attempt to enact. The five over-arching goals are as follows: to establish a government serving the people; ensure a lively market economy; reduce regulations; create new jobs through green-growth policies; reinforce welfare; ensure a country rich in talent; and to move toward a global Korea.

¶3. (C) Though ambitious, Lee is unlikely to be able to push through even a fraction of these policy prescriptions. Lee's still-low approval ratings -- 25.3 percent in a recent poll -- division within the ruling GNP, combined with a drive toward building consensus in the National Assembly rather than on allowing the majority party to push through legislation will continue to plague government efforts to enact meaningful reforms.

"Korea still has hope, and our future is bright"

¶4. (SBU) President Lee delivered his first U.S.-style radio

address on October 13, in an effort to improve his government's communication with the Korean people. In the almost nine-minute speech, Lee pledged to focus his policy efforts on increasing new jobs and overcoming the financial market crisis. Lee expressed his sympathy for people who suffered from economic difficulties and with those who had lost jobs due to corporate bankruptcies, citing his own experience with poverty after his father lost his job. Lee said "following the outbreak of a financial crisis in 1997, as many as 1.49 million people lost their jobs and 58,000 companies went bankrupt. Mindful of the bitter experience, my government will prioritize minimizing corporate bankruptcies and maximizing new job creation."

¶15. (SBU) Lee spoke about the prospects for economic growth, saying that, because of the downturn in the global economy, "the outlook for the Korean economy is not encouraging." However, he emphasized that Korea is armed with foreign currency reserves worth \$240 billion -- 27 times more than in ¶1997. In addition, the nation's current account is expected to swing back to black in the fourth quarter and companies exported 20 percent more compared to last year. He also said the financial health of private Korean companies and financial institutions has improved remarkably in past years. Lee encouraged private enterprises to expand investment during the economic stalemate and called companies choosing to do so "true patriots." Also, he urged financial institutions to ensure that profitable and competitive businesses would not go bankrupt due to temporary liquidity problems, saying "do not take away umbrellas when it rains." Lee also asked the opposition parties to cooperate in passing the approximately 600 economic and financial bills in this regular session of the National Assembly.

¶16. (SBU) The address was pre-recorded and distributed to broadcasting companies in advance, but only state-run KBS delivered it. Afterwards KBS interviewed Democratic Party's (DP) Representative Kim Jin-pyo. Kim argued that President Lee must admit his administration's mistakes on financial and economic policies, in particular, the tendency to focus on growth of chaebol, or family run conglomerates. He refuted the President's request to opposition parties to pass the economy-related bills, saying that "President Lee's tax reform policies are only for the rich and do not contribute to overcome the current economic stalemate." He claimed that approximately 65-80 percent of people are against these bills.

¶17. (C) Reaction to the address has been mostly negative, with the most common reaction being, "so what?" According to pundits, the biggest problems with the address were two-fold. First, Lee asked people to do things which most point out are indicative of his failure to understand that he should take responsibility for his shortcomings and the country's problems. Second, the speech was set to improve communication but critics note that Lee simply talked and did not take questions or appear have taken people's concerns into account. Also, he pledged to do this weekly, but due to lack of interest from radio stations, Lee will likely have to back down from this pledge.

Comment

¶18. (C) Though neither the announcement of policy initiatives nor the radio address are likely to significantly boost Lee's popularity, at least the administration is starting to emerge from its beef-induced coma and is exhibiting a modicum of leadership. The apparent lack of understanding on Lee's part of what the country wants from him, however, will likely keep him from gaining much support for his actions. Most everyone (except those in the Blue House) thinks that Lee should embrace his biggest rival, Park Geun-hye, rather than spin his wheels with lists of projects. Unfortunately, there appear to be no signs that this will happen anytime soon.
STEPHENS